

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W  
----- 097681

O R 050901Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1106

INFO AMEMBASSY VIENTIANE IMMEDIATE

AMEMBASSY SAIGON

AMEMBASSY PHNOM PENH

C O N F I D E N T I A L TOKYO 4565

EXDIS

E.O. 11652: GDS

TAGS: EAID, EFIN, JA, LA

SUBJECT: JAPANESE AID TO LAOS FOLLOWING FORMATION OF NEW GOVERNMENT; FONOFF VIEWS ON AID CONSULTATIVE GROUP

REF: A. VIENTIANE 2681 (NOTAL) B. VIENTIANE 2352 (NOTAL)

C. VIENTIANE 2575 (NOTAL) D. TOKYO 3033

SUMMARY: FONOFF REP INDICATES GOJ VERY LIKELY WILL INCREASE AID TO LAOS DURING 1974 AS RESULT FORMATION COALITION GOVERNMENT. ACCORDING TO FONOFF REP, MECHANICS OF FUTURE AID NEED TO BE DISCUSSED AMONG INTERESTED DONOR COUNTRIES AND PGNU, BEST PLACE BEING PROPOSED MEETING OF INDOCHINA AID DONORS UNDER IBRD/ADB AUSPICES. OBJECT OF SUCH MEETING WOULD B FORMATION OVERALL GROUP AND SUB-GROUPS FOR LAOS AND SOUTH VIETNAM. SEPARATE MEETING TO FORM LAOS SUB-GROUP ALSO POSSIBLE, BUT HE FEELS THIS WOULD ADVERSELY AFFECT CHANCES FOR SUB-GROUP FOR SOUTH VIETNAM. END SUMMARY.

1. DURING APRIL 4 CONVERSATION WITH HANABUSA, HEAD, FIRST SOUTHEAST ASIA DIVISION, FONOFF (SEPTEL--NOTAL), E/COUNS INQUIRED RE FONOFF THINKING ON AID TO LAOS FOLLOWING FORMATION COALITION GOVERNMENT. IN RESPONSE, HANABUSA MADE THE FOLLOWING POINTS:

A. USE OF PORTION OF RECENT GOJ GRANT TO LAOS (REF C) FOR VEHICLES FOR JOINT CENTRAL POLICE COMMISSION

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WAS SIGNIFICANT DEPARTURE FROM FORMER GOJ POLICY IN THAT

OBJECT OF GRANT WAS POLITICAL (RATHER THAN ECONOMIC) IN NATURE. THIS PROVOKED SOME OPPOSITION NOT ONLY FROM OTHER GOJ MINISTRIES BUT WITHIN FONOFF AS WELL. VIEW WHICH PREVAILED, HOWEVER, WAS THAT SO LONG AS OTHER DONOR COUNTRIES AGREED, THERE WAS NO REASON WHY AID SHOULD NOT BE PROVIDED TO SUPPORT QTE CORNERSTONE OF AGREEMENT UNQTE.

B. FORMATION OF THE NEW GOVERNMENT WILL MAKE IT MUCH EASIER FOR JAPAN TO CONTINUE TO MAKE POSITIVE CONTRIBUTION AS DONOR OF AID TO LAOS. HANABUSA SAID HE PERSONALLY FEELS SURE GOJ WILL BE ABLE TO INCREASE ITS AID TO LAOS DURING JFY 1974 (BEGINNING APRIL 1, 1974), BASED IN PART ON RATIONALE THAT AID WOULD NOW BE USED FOR ALL OF LAOS.

C. ASSUMING THE NEW GOVERNMENT AGREES THAT AID SHOULD BE CONTINUED, MECHANICS OF PROVIDING FUTURE AID WILL NEED TO BE DISCUSSED AMONG THE INTERESTED COUNTRIES, INCLUDING PGNU. IT MIGHT BE THAT FEOF'S ROLE COULD BE EXPANDED TO PROVIDE ADDITIONAL KINDS OF AID; FEOF WOULD THUS BECOME AN ALL-INCLUSIVE FUND. QUESTION ARISES WHETHER COMMUNIST COUNTRIES SHOULD BE INCLUDED IN ANY DONOR GROUP. ALTHOUGH FEOF DONORS CONSTITUTE A KIND OF AID GROUP, MORE GENERAL QUESTION OF HOW TO HANDLE POST-COALITION AID SHOULD BE DISCUSSED AT MEETING OF ALL POTENTIAL INDOCHINA AID DONORS UNDER IBRD/ADB AUSPICES. (HE SAID SUCH A MEEETING IS SCHEDULED FOR MAY.) EVEN THOUGH SWEDEN AND SOME OTHER COUNTRIES ARE NOT FAVORABLY INCLINED TOWARDS SUCH A MEETING, OTHER DONORS SHOULD NOT DELAY FURTHER BUT RATHER PROCEED TO HOLD MEETING. OBJECTIVE OF SUCH MEETING SHOULD BE TO FORM OVERALL INDOCHINA CONSULTATIVE GROUP AND SUB-GROUP FOR LAOS UNDER IT, AS WELL AS OTHER SUB-GROUPS. QUESTION OF SEPARATE MEETING TO ESTABLISH CONSULTATIVE GROUP FOR LAOS SHOULD BE SERIOUSLY STUDIED, BUT SUCH SEPARATE MEETING WOULD ADVERSELY AFFECT PROSPECTS FOR FORMATION OF SUB-GROUP FOR SOUTH VIETNAM, WHICH COULD ONLY BE FORMED, HE FELT, UNDER AUSPICES OF THE OVERALL CONSULTATIVE GROUP--THROUGH QTE BACK DOOR

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UNQTE.

CCOMMENT: HANABUSA'S UNSOLICITED REMARKS RE SEPARATE MEETING TO FORM LAOS CONSULTATIVE GROUP SEEM SOMEWHAT AT VARIANCE WITH EMBASSY VIENTIANE'S UNDERSTANDING GOJ POSITION CONTAINED REF B.  
SHOESMITH

NOTE BY OC/T: EXDIS ADDED PER SSO:MISS ELTZ

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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